



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 06-25, Oklahoma State Income Tax Withholding

Date: June 15, 2006

To: Holders of TAXES (State of Oklahoma only)
Personnel User Groups
T&A Contact Points in Oklahoma

Beginning with wages paid for Pay Period 12, the National Finance Center (NFC) will make the following changes to the state of Oklahoma income tax withholdings:

- The state formula now uses the marital statuses of Single (S) and Married (M) only. If the employee's marital status is Head of Household (HH) or Married-Dual Incomes (MB), the system will default to the SINGLE table. If the employee's marital status is Married Filing Separately (MS), the system will default to the MARRIED table.
- The standard deduction has been removed from the tax calculation.
- The Federal Tax Deduction has been removed from the tax calculation.
- The Single Federal taxable wages and Married Federal taxable wages tables will change.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

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Oklahoma State Income Tax Information

State Abbreviation: OK
State Tax Withholding State Code: 40
Basis For Withholding: Federal Exemptions
Acceptable Exemption Form: None
Acceptable Exemption Data: None
TSP Deferred: Yes
Special Coding: None
Additional Information: A state tax certificate is not required since Federal exemptions are used in the computation of the state formula.

Withholding Formula ►(Effective Pay Period 12, 2006)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes flexible spending account - health care and dependent care deductions) from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Determine the exemption allowance by applying the following guideline and subtract this amount from the result of step 4.

$$\text{Exemption Allowance} = \$1,000 \times \text{Number of Exemptions}$$

5. If the employee is SINGLE, apply the following tax rates to annual taxable wages to determine the annual tax amount:

Tax Withholding Table Single

If the Amount of Taxable Income Is:		The Amount of Oklahoma Tax Withholding Should Be:			
Over:	But Not Over:	Of Excess Over:			
\$ 0	\$ ►2,000	\$ 0.00	plus	0.0%	\$ 0
\$ 2,000	\$ 3,000	\$ 0.00	plus	0.5%	\$ 2,000
3,000	4,500	5.00	plus	1.0%	3,000
4,500	5,750	20.00	plus	2.0%	4,500
5,750	6,900	45.00	plus	3.0%	5,750
6,900	9,200	79.50	plus	4.0%	6,900
9,200	10,700	171.50	plus	5.0%	9,200
10,700	12,500	246.50	plus	6.0%	10,700
12,500	and over	354.50	plus	6.25%	12,500◄

6. If the employee is MARRIED, apply the following tax rates to annual taxable wages to determine the annual tax amount:

Married			
If the Amount of Taxable Income Is:		The Amount of Oklahoma Tax Withholding Should Be:	
Over:	But Not Over:		Of Excess Over:
\$ 0	\$ ▶ 3,000	\$ 0.00 plus 0.0%	\$ 0
\$ 3,000	\$ 5,000	\$ 0.00 plus 0.5%	\$ 3,000
5,000	8,000	10.00 plus 1.0%	5,000
8,000	10,500	40.00 plus 2.0%	8,000
10,500	12,800	90.00 plus 3.0%	10,500
12,800	15,200	159.00 plus 4.0%	12,800
15,200	18,000	255.00 plus 5.0%	15,200
18,000	24,000	395.00 plus 6.0%	18,000
24,000	and over	755.00 plus 6.25%	24,000◀

7. Divide the annual Oklahoma tax withholding by 26 and round to the nearest dollar to obtain the biweekly Oklahoma tax withholding.
8. ▶ Add additional amount or percentage elected by the employee to the pay period tax calculated in the above step and ROUND TO THE NEAREST DOLLAR to determine the amount of tax to be withheld for this payroll period.◀